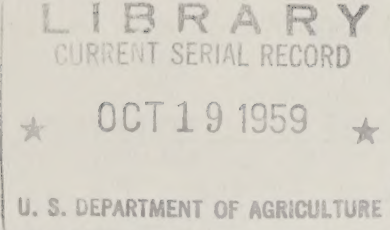


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The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

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Improved production prospects for feed grain mean a further buildup in carryover during the coming 1959-60 feeding year.

Crop of 166 million tons now expected tops the 1958-59 record by 5%... the 1953-57 average by a fourth. Carryover from former crops is set at 68 million tons, 9 million more than a year earlier. Adding in byproduct feeds and an estimate for wheat and rye to be fed brings total concentrate supply 7% above that for the season now closing.

Use is running at a record pace. Because of increased livestock production and heavy rates of feeding, disappearance in the U. S. is estimated at 11% over 1957-58... exports are up a fourth. Domestic use and exports will stay high in 1959-60, but increase in supply is expected to push carryover up around 12 million tons by October 1, 1960.

Bumper corn crop is causing the increase in feed grain supply. Acreage for harvest is up 15%...yields are slightly above last year to a record 51.9 bushels per acre. Crop is estimated at 4.4 billion bushels, nearly 600,000 above last year. Sorghum grain production is down 8% from 1958 record though still large. Oats crop is down nearly a fourth and below average. Barley production is down 13% from last year but well above average.

Feed grain prices received and paid by farmers are running a little below a year ago. Seasonal declines are likely for corn and sorghum grain this fall.

FARM INCOME. Realized net of farm operators for the first 3 quarters of 1959 was at an annual rate $11\frac{1}{2}$ billion dollars. This was 1.6 billion lower than in the same period of 1958, but half a billion the 1957 total.

Lower average prices, increased production expenses, and discontinuance of acreage reserve payments are main factors in the decline from last year. Additional factor in the third quarter was reduced marketings of wheat, oats and barley because of smaller crops.

HOGS. This fall's seasonal decline is expected to be less and shorter than usual. Prices will continue below those of the last year 3 years but above the 1955 low.

The latest pig crop report indicates reduced production in the early part of 1960. Producers in 10 Corn Belt States reported to AMS this month that they plan 4% fewer sows to farrow in December-February than a year earlier.

CATTLE. Marketings of well finished cattle could be heavy at times this fall. A tenth more cattle than a year earlier were in feedlots July 1. But marketings have remained at last year's rate and placements have been up. Large price declines are unlikely, however, because supplies of grass cattle probably will continue at reduced level.

EGGS. Production is likely to fall below a year earlier by early 1960. This is indicated by 5% fewer potential layers on farms September 1. During the rest of this year, output is likely to continue close to 1958.

BROILERS. Prices have dipped further in recent weeks. Supplies of competing red meats have increased and demand for broilers has passed its summer peak.

SOYBEANS. Farm prices around the 1959 support of \$1.85--national average--are likely during the harvesting season. Last fall, prices averaged \$1.93. Chances for a seasonal rise are good if crusher and export demand turn out as strong as currently expected.

FLAXSEED. Crop in prospect is smallest since 1946 and less than domestic requirements. Although carryover is up, total supply is well below last year. Tighter supply and a strong world demand means that prices in 1959-60 are likely to average well above the \$2.69 received by farmers last season.

WHEAT. Prices are holding closer to support than is usual at this time of year. Some types are above support. Price strength comes from relatively low rate of marketing so far this season.

FRUIT. Prices of deciduous crops on the fresh market in early fall probably will continue under 1959. Supplies will be seasonally heavy with the pear, grape and cranberry crops larger than last year. Apple production will be down from 1958, but still large. Supplies of citrus fruits will increase during the fall as harvest gets under way. In early September, prospects were generally favorable for the new crops.

PROCESSED VEGETABLES. The total supply of canned vegetables this year probably will be about the same as last. Smaller packs of tomatoes and green peas are expected but increases are in prospect for sweet corn, snap beans and spinach. The carryover is larger.

POTATOES. Supplies for fall and winter are expected to be well below last year's burdensome level. Fall crop is estimated to be down 7%. Late summer crop also is smaller and there is less likelihood that marketings will overlap with those of the fall crop.

COTTON. Production and use appear likely to be in fairly close balance in 1959-60. Crop this year is estimated at 14.6 million running bales, 3.2 million larger than last year, and largest since 1953. But increase in domestic use and exports is expected to be as large, as gain in output.

TOBACCO. Flue-cured sales are bringing higher prices than last year. Average for the Georgia-Florida markets set a new record. In most other Belts where auctions have not been completed, prices are running above a year ago.

This year's flue-cured crop is 5% above 1958, 11% below 1948-57 average. But total supply is slightly below 1958 because of 4% reduction in carryover.